

**CITY OF GOODYEAR  
COUNCIL ACTION REPORT**

<b>SUBJECT: Adopt Land Use Assumptions (LUA) and Infrastructure Improvement Plan (IIP)</b>	<b>STAFF PRESENTER:</b> Lauri Wingenroth, Finance Manager-Budget and Research
	<b>CASE NUMBER:</b> None
	<b>OTHER PRESENTER:</b> None

**PROPOSED ACTION:**

1. ADOPT RESOLUTION NO. 2018-1912 ADOPTING THE LAND USE ASSUMPTIONS AND INFRASTRUCTURE IMPROVEMENTS PLAN (IIP), PROVIDING NOTICE OF INTENTION TO ASSESS DEVELOPMENT FEES, AND PROVIDING FOR CORRECTIONS, SEVERABILITY AND AN EFFECTIVE DATE.
2. Set December 3, 2018 as the date for a public hearing on the adoption of the proposed development fees calculated from the plan.

**BACKGROUND AND PREVIOUS ACTIONS:**

Arizona Revised Statute 9-463.05 provides for the imposition of development impact fees. One requirement is a review of existing land use assumptions (LUA) and infrastructure improvement plan (IIP) at least every five years. The current fees became effective in August 2014 for which the underlying land use and infrastructure plans were approved in February 2014.

The required consultant services were originally funded in the FY2017 budget and Raftelis Financial Consultants, Inc. was selected to perform the update. Staff from several departments worked with the consultant over seven months to develop ten year growth assumptions, assess current infrastructure service levels, and then to identify and prepare costs for the infrastructure needs associated with growth projections.

The initial timeline targeted updated fees effective January 1, 2019 which was ahead of the five year mark. Deficiencies in the current plan such as not including inflation, cost and scope challenges being experienced in capital projects, and/or not providing for all growth justified infrastructure as well as differences in actual versus planned growth spurred early movement on this update. Changes in utilities infrastructure to remove lines now required of development and incorporating the surface water project in lieu of prior water supply and treatment facilities were other actions supporting update.

Council policy direction of growth pays for growth was used to develop the initial infrastructure plan. The result was more infrastructure and types of costs which lead to higher costs and fees compared to the current plans and fees as presented in the draft LUA and IIP reviewed with City Council in a Work Session on February 26, 2018. Consistent with the initial timeline and Work Session discussion, the related draft report was posted on March 21, 2018 for public inspection as required by State Statute.

As anticipated, stakeholder interest was high primarily due to the significant fee increases that were calculated based on the draft LUA and IIP. A series of eight stakeholder meetings were held. In addition, City Council Work Sessions were held on June 25 and September 17, 2018 and a presentation made in conjunction with the August 27, 2018 Public Hearing to provide updates and receive input on progress and the impacts on both residential and non-residential fees. Due to the collaborative process with our stakeholders the plan being presented for approval today has been refined and more accurately represents and clearly states the needs of the community.

As a result of ongoing concern about the fee increases, and with heightened attention to the effects of corrections to underlying land use assumptions for industrial uses; at the September 17 and October 22, 2018 Council Work Sessions, the concept developing a program outside the LUA and IIP to address potential unintended economic development deterrents was discussed. A flexible and adaptable incentive, rather than entitlement, based program was discussed as the preferred approach. An initial seed funding from the FY2019 budget for the retail impact fee reduction program was also identified to move forward given the new impact fees would be in place in April 2019 prior to the FY2020 budget being developed and adopted.

### **STAFF ANALYSIS:**

State law provides for the type of infrastructure that can be included, how plans and fees are to be developed, how fees are applied and when, and a specific set of steps and timelines for adoption. There are also audit and reporting provisions.

In general, two directly linked processes are involved:

#### **Develop and adopt a LUA and IIP**

- forecast 10-year growth by land use to create the LUA
- determine current infrastructure service levels at the land use level
- forecast and cost the new infrastructure required by the 10-year growth for all the land uses to create an IIP
- adopt the LUA and IIP

#### **Adopt development impact fees**

- establish fees based on the same land use and service levels in the adopted IIP and LUA

Fee adoption is to follow the LUA and IIP which proportionately allocates the cost of growth required infrastructure to each land use type.

The draft LUA and IIP posted in March was the first step in the lengthy statutory adoption processes. The statute calls for at least a 60 day window of opportunity for public inspection prior to holding a public hearing on the LUA and IIP. Due to increased stakeholder involvement, the public inspection and input period was extended from two (2) to five (5) months prior to the public hearing. Extending the public input phase to include additional

stakeholder meetings, deferred the earliest effective date for the revised fees from January to April 2019.

The public hearing on August 27, 2018 began the statutory timeline of 30 to 60 days to adopt the LUA and IIP. The adoption of these plans today is within the statutory timeline and will allow fee adoption to move forward.

The following table summarizes the next steps for fee adoption.

Date(s)	Activity
October 23, 2018	Post the notice of intention to adopt development fees supported by this LUA and IIP
December 3, 2018	Hold the required public hearing on fee adoption
January 14, 2019	Adopt the fees
April 1, 2019	Fees become effective for activity not subject to the statutory moratorium; fee decreases are effective for all on this date
April 1, 2019 – March 21, 2021	Moratorium period in which development by development fee increases may be applied; any fee reductions apply on April 1, 2019

### **FISCAL ANALYSIS:**

This step establishes a forecast for growth and the infrastructure required to support that growth over the next ten years. Adopting this plan establishes the means to assess the proportionate share of new infrastructure costs to growth via development impact fees.

With adoption of the LUA and IIP and then the related fees, these projects will be incorporated into the Capital Improvement Program (CIP) update process for full funding, financing as needed, and inclusion in the five-year CIP.

### **RECOMMENDATION:**

Adopt Resolution 2018-1912 adopting the 2018 Land Use Assumptions and Infrastructure Improvement Plan and establish December 3, 2018 as the date for the required public hearing on the fees.

### **ATTACHMENTS:**

Resolution No. 2018-1912  
2018 Development Impact Fee Study – Land Use Assumptions and Infrastructure Improvement Plan